

Army Regulation 600-15

Personnel—General

Indebtedness of Military Personnel

**Headquarters
Department of the Army
Washington, DC
14 March 1986**

UNCLASSIFIED

SUMMARY of CHANGE

AR 600-15

Indebtedness of Military Personnel

This revision-

- o Requires first level field grade commanders to monitor instances of soldiers' repeated failure to pay their debts (para 1-4d).
- o Requires soldiers to pay their debts promptly (para 1-5).
- o Stipulates that a judgment includes any administrative enforcement order issued by the German federal post office regarding unpaid telephone bills (glossary).

Effective 14 April 1986

Personnel—General

Indebtedness of Military Personnel

By Order of the Secretary of the Army:

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History. This UPDATE printing publishes a revision that is effective 14 April 1986. Because the structure of the entire text has been reorganized, no attempt has been made to highlight changes from the earlier regulation dated 15 November 1979. This publication has been reorganized to make it compatible with the Army electronic publishing database. No content has been changed.

Summary. This regulation implements DOD Directive 1344.9. It covers Army policy and procedures governing private indebtedness of soldiers. It provides guidance for processing claims and forbids debt collectors from contacting commanders without prior consent of the debtor or without a court order. Chapter 5 covers the processing of

claims regarding nonactive duty and discharged personnel. This regulation remains applicable during mobilization.

Applicability. *a.* This regulation applies to—

(1) The Regular Army.

(2) The United States Army Reserve (USAR) on active duty, active duty for training, or official active duty for training (30 days or more duration).

(3) The Army National Guard of the United States (ARNGUS) on active duty, active duty for training, or special active duty under title 10, United States Code (USC) (30 days or more duration).

(4) Creditors who seek help in processing debt complaints against soldiers as defined in (1) through (3) above.

b. This regulation does not apply to—

(1) Members of the USAR performing inactive duty training.

(2) Members of the ARNGUS performing duty in a State status under title 32, USC.

(3) Claims for support of family members under AR 608-99.

(4) Claims by the Federal, State, or municipal governments.

Impact on the New Manning System.

This regulation does not contain information that affects the New Manning System.

Army management control process.

This regulation is not subject to the requirements of AR 11-2. It does not contain internal control provisions.

Supplementation. Supplementation of this regulation and establishment of forms other than DA Forms are prohibited without prior approval from HQDA (DAPE-HRP-C), WASH DC 20310-0300.

Interim changes. Interim changes to this regulation are not official unless they are authenticated by The Adjutant General. Users will destroy interim changes on their expiration dates unless sooner superseded or rescinded.

Suggested Improvements. The proponent agency of this regulation is the Office of the Deputy Chief of Staff for Personnel. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to HQDA (DACF-IS-PA), ALEX VA 22331-0522.

Distribution. Distribution of this issue has been made in accordance with DA Form 12-9A requirements for 600 series publications. The number of copies distributed to a given subscriber is the number of copies requested in Block 382 or 385 of the subscriber's DA Form 12-9A. AR 600-15 distribution is A for Active Army, D for ARNG, and D for USAR.

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Chapter 1 General

1-1. Purpose

This regulation prescribes Department of the Army (DA) policy, responsibilities, and procedures in handling debt claims against soldiers.

1-2. References

Required and related publications and prescribed and referenced forms are listed in appendix A.

1-3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

1-4. Responsibilities

a. The Deputy Chief of Staff for Personnel will set policy on processing debt claims against soldiers.

b. The Commanding General, U.S. Army Community and Family Support Center (CG, USACFSC) will—

- (1) Set procedures for processing debt claims against soldiers.
- (2) Process debt claims received at USACFSC regarding soldiers.

(3) Carry out the objectives of this regulation to protect the rights of the soldier, his or her family members, and the interests of the Army.

(4) Advise and assist the directors of Headquarters, Department of the Army (HQDA) agencies, commanders of the major Army commands, and other commanders on matters pertaining to indebtedness of soldiers.

c. Officers having general court-martial jurisdiction will—

(1) Ensure that special emphasis on the indebtedness issue is given in command information programs. This includes soldiers being informed of their responsibility to manage their personal affairs satisfactorily and pay their debts promptly. Also, inform soldiers of the possible consequences of failure to pay their debts.

(2) Take action on requests to file unfavorable information in a soldier's official personnel file. (See chap 3.)

d. First level field grade commanders will monitor instances of soldiers' repeated failure to pay debts that are brought to their attention. These commanders will take action, when proper.

e. Immediate commanders will—

(1) Ensure that soldiers are informed of the following:

- a.* DA policy on indebtedness.
- b.* The possible consequences of failure to pay their debts.

(2) Manage the processing of debt claims per the terms of this regulation.

(3) Answer all correspondence received from CG, USACFSC and other DA officials.

(4) Answer all correspondence received directly from claimants and third parties (for example, Members of Congress). The commander will not include unreleasable information without the soldier's written consent. This complies with the Privacy Act of 1974. (See AR 340-21.) Commanders should ask the Staff Judge Advocate (SJA) for guidance in unusual or difficult situations.

(5) Inform the first level field grade commander of instances of soldiers' repeated failure to pay their debts. Also, point out actions taken or contemplated to correct the situation.

(6) Refer correspondence or queries received from news media organizations to the unit, installation, or command public affairs officer for response.

f. The unit, installation, or command public affairs officer will—

(1) Answer correspondence and queries received from news media organizations.

(2) Coordinate with the SJA before making any response.

1-5. Policy

a. Soldiers are required to manage their personal affairs satisfactorily and pay their debts promptly. Failure to do so damages their credit reputation and affects the Army's public image. The Army, however, has no legal authority to force soldiers to pay their

debts. Also, the Army cannot divert any part of a soldier's pay even though payment of the debt was decreed by a civil court. Only civil authorities can enforce payment of private debts.

b. Debt claims against corporations and organizations to which a soldier belongs, or of which a soldier is an officer, will not be processed under this regulation. In this situation, the matter should be pursued in civil court. If a judgment is received specifically against the soldier, then this regulation will apply.

c. Creditors who follow chapter 4 will have their debt complaints processed.

d. Requests for help that do not follow chapter 4 will be returned without action with an explanation as discussed in paragraph 4-4.

e. The Army will revoke debt processing privileges for creditors who—

(1) Refuse to abide by this regulation.

(2) Try to use the Army as a debt collection agency. (See para 4-5.)

f. The Army does not try to judge or settle disputed debts, or admit or deny whether claims are valid. The Army will not tell claimants whether any adverse action has been taken against a soldier as a result of the claim.

g. If a soldier is not trying to resolve unpaid debts promptly or complaints of repeated failure to pay debts are received, commanders will consider the actions shown below. (See para 2-1c(15) and chap 3.)

(1) Making the failure a matter of permanent record.

(2) Denial of reenlistment (enlisted personnel).

(3) Administrative separation from the Service.

(4) Punishment under the Uniform Code of Military Justice (UCMJ). When proper, such misconduct may be charged under article 92, 123, 133, or 134 of the UCMJ.

h. Checks that are dishonored for any reason remain proof of indebtedness until—

(1) Made good.

(2) Proven to be the error of the financial institution on which drawn, or the error of any other person or institution; such action then absolves the soldier of fault. (See para 2-3.)

i. When necessary, commanders and soldiers are urged to seek help from the SJA.

1-6. Banks and credit unions

a. Banks and credit unions located on military bases must apply Department of Defense (DOD) Standards of Fairness (app B) before making loans or credit agreements. Banks and credit unions that do not meet this requirement will be denied help in processing debt complaints.

b. If soldiers are referred to off-base branches of an on-post bank or credit union, the branches also must comply with the Standards of Fairness before making loans or credit agreements.

c. Interest rates and service charges for loans made by oversea military banking facilities are set by DOD.

1-7. Fair Debt Collection Practices Act (section 1692, title 15, United States Code (15 USC 1692))

a. A debt collector may not contact any person other than the soldier, his or her lawyer or legal counsel, or the creditor about any debt collection. The debt collector, however, may contact the employer if he or she has a written and signed consent from the soldier, or a court order permitting contact. The written consent must include the debt collector's name. It is illegal for debt collectors to use another name when collecting debts.

b. Debt collectors who have obtained the needed written consent or court order and who have followed chapter 4 will have their debt complaints processed.

c. Creditors who collect only on their own behalf are exempt from the Act.

1-8. Individual repayment plan of the Bankruptcy Act

Chapter XIII of the Bankruptcy Act (11 USC 1301, et seq.) provides for the protection and relief of individuals with a regular income. It also sets rules for paying debts under the supervision of U.S. Federal

District Courts. Care must be taken not to confuse “bankruptcy” and “individual repayment plans” in order not to infringe on the rights of the soldier.

1–9. Locator service

a. Installations will honor requests for central locator service by a banking office (AR 210–135) or credit union (AR 210–24) located on a military installation. This service will be free when banking offices and credit unions cite AR 37–60. This service will be used to locate persons for settling accounts, checks that did not clear, and delinquent loans. The U.S. Army Finance and Accounting Center (USAFAC), Indianapolis, IN 46249–1016, will assist these banking offices and credit unions to locate soldiers who cannot be located locally.

b. Current military addresses for all soldiers may be obtained by writing the Commander, U.S. Army Enlisted Records and Evaluation Center, Fort Benjamin Harrison, IN 46249–5301. All requests must include the soldier’s full name, rank, and social security number (SSN). They should include the date and place of birth if the SSN is not known. A check or money order for \$3.50 payable to the Treasurer of the United States must be enclosed with each request. (See AR 37–60.)

c. A debt collector should not write to the U.S. Army Enlisted Records and Evaluation Center (USAEREC) if he or she knows the soldier is represented by a civilian lawyer or military legal counsel. However, the debt collector may write to USAEREC if he or she—

(1) Does not know or cannot easily find out the name and address of the lawyer or legal counsel.

(2) Does not receive a response from the lawyer or legal counsel.

d. If a debt collector writes to USAEREC, a postcard cannot be used. Also, the request cannot state that the locator service is being sought in order to collect a debt. These actions would violate the Fair Debt Collection Practices Act (para 1–7).

1–10. Allotments of pay for debts

a. The Department of Defense Military Pay and Allowances Entitlements Manual sets forth the provisions governing allotments of pay. Voluntary allotments of military pay and allowances of soldiers in active military service are limited. Payment to a financial organization for credit to the account of the soldier (allotter) is permitted. Money thus credited may be used for any purpose desired and directed by the soldier.

b. Creditors must not—

(1) Request that a soldier set up a bank account for the soldier to use in paying a debt.

(2) Request a soldier to pay by allotment.

(3) Send sample copies of an allotment form to the soldier or guide the soldier on how to make out such an allotment.

c. It is a soldier’s option on how he or she pays the debt. A soldier who has an allotment going to his or her financial organization’s account may request to have a bank transfer order in effect. However, there may be a charge for this service.

Chapter 2 Administrative Procedures for Processing Complaints

2–1. Commander’s actions

Upon receipt of a debt complaint, the commander will—

a. Review the case to ensure that the terms of this regulation have been met.

b. Consult the SJA if needed.

c. Take the following actions:

(1) If any of the terms of paragraph 4–3 have not been met by the creditor, return the complaint. Tell the writer that no action will be taken until those terms are met. (See figs 2–1 through 2–3 for formats.) Use only the paragraphs in the formats that apply to the individual case.

(2) Upon receipt of subsequent inquiries from USACFSC, Members of Congress, or any other source, inform the writer that—

(a) The creditor has been told that his or her request lacked data or documentation.

(b) The commander regrets that he or she cannot process the complaint until the creditor supplies the necessary data.

(c) A reply previously has been made to the creditor. Enclose a copy of the reply.

(3) If the creditor refuses or repeatedly fails to comply with any of these requirements, refer the complete case through channels to the Commander, USACFSC, ATTN: DACF–IS–PA, ALEX VA 22331–0522. If it is believed the creditor’s debt processing privileges should be revoked, include a recommendation stating the reasons.

(4) If the soldier was not given full disclosure information when the debt was incurred, refer him or her to the SJA office. The SJA will advise if the soldier has a right to file suit against the creditor. The soldier may be entitled to twice the amount of the finance charge, for a minimum of \$100 up to a maximum of \$1,000, plus court costs and lawyer fees. This does not apply to debts incurred before 30 June 1969.

(5) If in doubt as to the legality of the contract, consult the SJA. This action is to ensure that the contract terms do not violate Federal and State laws.

(6) Accept as valid proof, claims based on court judgments, orders, or decrees.

(7) If the debt or the amount of the debt is disputed or denied by the soldier, reply directly to the creditor. Tell him or her that Army policy requires that disputed debts be settled by civil courts. Do not, in the reply, try to judge or settle any disputed debts, or admit or deny the validity of the claim.

(8) If the creditor has met all the requirements discussed in chapter 4, interview the soldier.

(a) Ensure that the soldier is properly advised of his or her rights under the Privacy Act of 1974. DA Form 4817–R (Consent/Nonconsent to Disclose Personal Information) will be completed. DA Form 4817–R will be reproduced locally on 8½- by 11-inch paper. A copy for local reproduction is at the back of this regulation.

(b) Notify the soldier of the debt complaint.

(c) Explain that the Army requires that soldiers pay their debts promptly. Failure to do so damages credit reputations and affects the Army’s public image. Also, explain that the willful failure to resolve unpaid debts may result in administrative or punitive actions as described in chapter 3.

(d) Tell the soldier of his or her legal rights and duties. If appropriate, advise the soldier of his or her rights under article 31, UCMJ. Also, inform the soldier that counseling service is available under the Legal Assistance Program (AR 27–3).

(e) Review all available facts including the soldier’s defenses, rights, and counterclaims.

(f) Urge the soldier to seek budget counseling and consumer protection advice, if proper. These services may be obtained from on-post credit unions, Army Community Service Program Counselors (AR 608–1), or through financial management seminars or workshops.

(g) Help the soldier in settling or in liquidating the debt. Give the soldier a copy of DA Pam 360–520 if proper. Answer any questions that he or she might have.

(h) Have the soldier sign a statement allowing or forbidding release of information to the claimant (DA Form 4817–R). AR 340–17 and AR 340–21, paragraph 3–2 govern this.

(i) Ask the soldier about his or her intentions. Give the soldier the chance to furnish a voluntarily signed statement admitting or denying the complaint or declining to do either.

(9) Advise the claimant promptly that the soldier has been told of the complaint.

(10) Summarize the soldier’s intentions if the soldier allows release of the information.

(11) If proper, advise the claimant that indebtedness disputes must be resolved in a civil court of competent jurisdiction.

(12) Ask the claimant to write, if necessary, directly to the soldier or his or her commander.

(13) Retain the statement allowing or forbidding release of information to the claimant with the case file for future reference. (See chap 3.)

(14) Monitor actions closely to ensure promises made to claimants are being met.

(15) Consider administrative or punitive action, if proper. (See para 1–5g and chap 3.)

(16) Inform the first level field grade commander of instances of soldiers' repeated failure to pay their debts. Also, point out actions taken or contemplated to correct the situation.

2–2. Procedures for routing debt complaints

a. Send debt complaints through proper channels to the soldier's commander for action.

b. If the soldier is a patient attached to a medical holding detachment (MHD), the complaint will be sent there for action. The commander of the MHD will take action per this regulation.

c. The command receiving the complaint will acknowledge the letter and tell the writer of the referral. DA Form 209 (Delay, Referral, or Follow-Up Notice) may be used for this purpose.

d. All correspondence to the President, received from outside of DOD, will be processed per AR 1–9.

e. Send complaints to the soldier's new duty station if the soldier has been reassigned. Advise the claimant of the soldier's reporting date and the unit address to which correspondence should be sent. (See fig 2–2 for a format.)

f. See chapter 5 for procedures governing processing of claims for nonactive duty or discharged personnel.

2–3. Processing debt complaints based on dishonored checks

a. Writing checks against an account with no or not enough funds is a serious matter. It may be a misdemeanor or a felony. This depends on the amount of the check and the laws or statutes of the jurisdiction where the check is presented for payment. The soldier is responsible for making sure that money is in his or her bank account to cover checks written on that account. Writing bad checks may result in disciplinary or administrative action. Whether or not such action is taken, a dishonored check for not enough funds remains proof of an indebtedness except as provided in paragraph 1–5*h*.

b. Commanders must answer all check complaints, other than those discussed in *c* below, even if such complaints concern check errors caused by oversight or negligence. (AR 210–60 outlines ways for handling dishonored checks written on Army installations and in Army facilities.)

c. Checks made good within 5 days of notice do not require any action if the complaint is based on—

- (1) Bank or Government error.
- (2) Failure to date the check.
- (3) Inconsistent or not legible amounts shown on the check.
- (4) Lack of a legible signature.

d. Bad checks written by family members are not processed under this regulation except in the following instance. The SJA finds that these checks stand for debts for which the soldier may be held personally liable under Federal or State laws (for example, checks written for necessities such as rent, utilities, or food).

2–4. Inquiries from USACFSC or DA officials

The commander must—

a. Give USACFSC or DA officials complete data on all inquiries.

b. Seek the advice of the SJA before replying to a court order if necessary.

c. State “not applicable” to items that do not apply.

d. If applicable, advise USACFSC or DA officials—

- (1) Whether the soldier acknowledges the debt.
- (2) Of the corrective action taken (to include the amounts and dates payments will be made).
- (3) Of the method of payment (for example, personal check).

(4) Whether the soldier allowed or forbade release of the information given. (See DA Form 4817–R.)

(5) Whether the soldier is following the terms of a court order.

(6) Whether the soldier's actions follow Army policy as stated in this regulation.

(7) In the reply, of your name, unit address, and your automatic voice network (AUTOVON) number. If no AUTOVON number is available, include a commercial or other number where the unit can be reached.

e. Return to USACFSC or DA officials inquiries received after the soldier has been transferred. Include a copy of his or her permanent change of station orders.

Chapter 3 Administrative and Punitive Actions

3–1. Considerations

Commanders will not tolerate irresponsibility, neglect, dishonesty, or evasiveness. Failure to pay debts promptly and honorably may require disciplinary or administrative action. If a soldier is not trying to resolve unpaid debts promptly or complaints of repeated failure to pay debts are received, commanders will consider—

a. Making it a matter of permanent record (para 3–2).

b. Denial of reenlistment (enlisted members) (AR 601–280).

c. Administrative separation from the Service (AR 635–100 or AR 635–200).

d. Punishment under the UCMJ. (See para 1–5*g*.)

3–2. Official personnel files

a. The Army requires that all-inclusive information of the qualifications of its soldiers be on file. This prevents selection of soldiers for positions of leadership, trust, and responsibility whose qualifications are questionable.

b. Documents/records created or received in connection with debt complaints will be filed per AR 600–37 and the Army Functional Files System (AR 340–2 and AR 340–18).

c. The soldier may show his or her negligence, disregard, or unwillingness to resolve the matter by repeatedly failing to pay his or her debts. In these cases, the commander will decide whether to place a letter of reprimand, admonition, or censure in the soldier's official personnel files. AR 600–37, chapter 2, governs action taken to file unfavorable information.

d. If information does not merit filing in the soldier's official personnel files, the commander will—

(1) Continue to monitor the situation.

(2) Furnish further guidance and help.

(3) Consider later action (*c* above) if warranted by further evidence.

Chapter 4 Conditions Creditors Must Meet Before Getting Help in Debt Processing

4–1. Statutory and other regulatory requirements

a. The Truth-in-Lending Act, Public Law 90–321 (15 USC 1601), lists the general disclosure rules that must be met by creditors. It does not cover private parties who extend credit only rarely to help a person. (See para 4–6*a*.)

b. Federal Reserve Board Regulation Z (12 CFR 226) lists specific disclosure rules for all credit transactions under the Truth-in-Lending Act.

c. Certain States have rules that may apply to credit transactions in lieu of Federal Reserve Board Regulation Z. However, the Federal Reserve Board must first decide if the State sets largely the same rules and enforcement measures. States currently exempted from Regulation Z are Connecticut, Maine, Massachusetts, Oklahoma, and Wyoming.

d. DOD Standards of Fairness (app B) define fair and just dealings with soldiers. DA Pam 360-520, chapter 4, contains simplified explanations of these standards. Note that certain debt complaints are exempt (para 4-6).

e. Certificate of Compliance certifies the creditor has complied with the full disclosure requirements of Federal or State laws and regulations, State laws regarding contact with the employer of the debtor, and the application of the Standards of Fairness to the consumer credit transaction. (See suggested format at fig 4-1.)

f. Full disclosure information shows what the soldier should know about contract terms. (See suggested format at fig 4-2.) A copy of this format or its equivalent should be provided the soldier in advance of executing the contract.

g. The Fair Debt Collection Practices Act contains other conditions a creditor must meet. (See para 1-7.)

h. The DOD Annual Rate Table is located at table 4-1. It can be used to determine the annual percentage rate.

(1) Example. Finance charge = \$38; Total amount to be financed = \$250; Number of monthly payments = 24.

(2) Solution.

(a) Step 1. Divide the finance charge by the total amount to be financed and multiply by \$100. This gives the finance charge per \$100 of amount to be financed. That is, $\$38 \div \$250 \times \$100 = \15.20 .

(b) Step 2. Follow down the left-hand column of the table to the line for 24 months. Follow across this line until you find the two numbers between which the finance charge of \$15.20 falls. In this example \$15.20 falls between \$14.66 and \$15.80. Reading up between the two columns of figures you will see that the annual percentage rate is 14%. For the purpose of this regulation the annual percentage rate is the rate appearing at the head of the two columns between which the finance charge per \$100 of total amount to be financed falls. (If the finance charge per hundred falls exactly on a tabular value, the lower percentage rate may be used.)

(3) The values in this table have been computed by the actuarial or annuity method that conforms to the United States Rule.

4-2. State laws

Florida, Louisiana, Maryland, Massachusetts, New York, North Carolina, and Wisconsin have passed laws that forbid creditors from contacting employers. This includes commanders, unless certain conditions are met. These conditions are the reduction of a debt to court judgment or the written permission of a debtor. The judgment must conform to the Soldiers' and Sailors' Civil Relief Act of 1940, as amended (50 USC App, Sec 501 et. seq., (1970)) if applicable. (See DA Pam 27-166.) Other States may enact similar laws; if they do, the same conditions will apply. Creditors wanting to make use of the debt processing privilege must first certify their compliance with the relevant State's law about contact with an employer (fig 4-1). These laws, however, do not apply if the debtor is located in a State that has not passed such a law.

4-3. Debt processing

a. Creditors, other than private parties described in paragraph 4-6a, must send—

(1) A signed copy of the Certificate of Compliance with DOD Standards of Fairness (app B and fig 4-1) showing compliance with one of the following:

(a) The Truth-in-Lending Act.

(b) Federal Reserve Board Regulation Z.

(c) State regulations.

(2) A true copy of the signed contract.

(3) The general and specific disclosure information given the soldier before signing the contract (fig 4-2).

(4) A copy of a judgment or written permission from the soldier allowing the creditor to contact his or her employer about the debt, if applicable. (See para 4-2.)

(5) Photocopies of actual correspondence or documentary proof showing that every effort has been made to get payment by direct contact with the soldier. The creditor must give the soldier a chance

to answer each inquiry. (Forty-five days for those in the contiguous 48 States and the District of Columbia; 60 days for all others.)

b. Foreign-owned companies having debt complaints must send—

(1) A true copy of the terms of the debt.

(2) A certification that they have met the DOD Standards of Fairness.

(3) An English translation of the above (if not already in English).

(4) Documentation as in a(4) and (5) above.

c. Creditors not subject to Regulation Z, such as public utility companies, will send a certification with their request. It must state that no interest, finance charge, or other fee exceeds that permitted by the laws of the State in which the service was requested.

d. Creditors not subject to the Truth-in-Lending Act must send—

(1) Legible copies of actual correspondence. (See a(5) above.)

(2) Documentary proof showing that every effort has been made to get the payment by direct contact with the soldier.

e. Creditors who have followed these terms may contact the soldier's commander for help. If the commander is contacted, the creditor must give the commander a chance to answer the inquiry. (Forty-five days for those in the contiguous 48 States and the District of Columbia; 60 days for all others.) If unsuccessful, after reasonable efforts to collect the debt, creditors may request help from USACFSC. In such cases, the information must be the same as that sent the commander. (See f below.) The request should be sent to the Commander, USACFSC, ATTN: DACF-IS-PA, ALEX VA 22331-0522.

f. All requests for help must include—

(1) The soldier's full name, rank, and SSN.

(2) Date and place of birth, if SSN is not known.

(3) The amount and date of the original debt.

(4) The terms of payment.

(5) The balance due.

(6) Documents described in a through d above which apply.

g. Separate letters should be written on each amount for prompt and efficient processing.

h. Letters lacking data will be returned for added documents.

4-4. Debt complaints returned to creditors without action

Requests for help in processing debt complaints will be returned without action with an explanation if—

a. Creditors did not enclose the following:

(1) Documents showing compliance with the Truth-in-Lending Act, Federal Reserve Board Regulation Z, or State regulation.

(2) Signed copies of the Certificate of Compliance with DOD Standards of Fairness.

(3) A completed copy of figure 4-2 with the Full Disclosure Information. (See para 4-1f.)

(4) Signed copies of the contract.

(5) Legible copies of actual correspondence or documentary proof showing that every effort has been made to get the payment by direct contact with the soldier. (See para 4-3a(5).)

b. The soldier is located in a State whose laws forbid creditors from contacting employers.

c. The claim is obviously false or misleading.

d. The finance charge does not conform to the State law where the contract is signed.

e. A U.S. company operating overseas exceeds the lowest interest rate of the State or States where chartered or doing business in the United States.

f. The contract or loan agreement provides that the debtor must pay the creditor's attorney fees, unless the following limitations in (1) through (3) are included. No attorney's fee may be charged for services done by a salaried employee of the creditor.

(1) The fees will have to be paid only in the event of a default by the soldier.

(2) The fees will have to be paid only if a lawsuit is filed.

(3) The fees will not exceed 20 percent of the amount found due.

g. A penalty for prepayment has been charged.

h. A charge has been made for an insurance premium without satisfactory proof of—

- (1) A policy or insurance certificate having been issued.
- (2) Delivery of a policy or certificate to the soldier within 30 days of issuance.

i. The late charge is in excess of 5 percent of the late payment, or \$5, whichever is the lesser amount. Only one late charge may be made for any late installment. Late charges will not be made where an allotment has been timely filed, but payment has been delayed.

j. The creditor has not given the soldier a chance to answer a previous inquiry. (Forty-five days for those in the contiguous 48 States and the District of Columbia; 60 days for all others.)

k. The claimant is a debt collector without a court order or a signed letter of consent by the soldier. (See para 1-7.)

l. The debt is covered by an order of a bankruptcy court.

4-5. Cancellation of debt processing privilege

a. Creditors who refuse or fail repeatedly to follow these terms will be referred through channels to the Commander, USACFSC, ATTN: DACF-IS-PA, ALEX, VA 22331-0522, by the commander.

b. The CG, USACFSC will—

(1) Cancel debt processing privileges if the queries clearly show that the creditor is—

(*a*) Not conforming with this regulation.

(*b*) Trying to make unreasonable use of the debt processing privilege.

(*c*) Trying to use the Army as a collection agency.

(2) Inform commanders worldwide by electrical message that the debt processing privilege of a specific creditor has been revoked.

(3) Inform the creditor that his or her debt processing privilege has been revoked and state the reasons for this action.

4-6. Exemptions from Full Disclosure and Standards of Fairness

The debt complaints discussed below are exempt from the Full Disclosure and Standards of Fairness. This does not prevent the debtor from questioning service charges and negotiating a fair and reasonable settlement.

a. Claims from private parties selling personal items (for example, car, furniture, appliances) on a one-time basis.

b. Claims from companies or individuals giving services in which credit is given only to help the soldier (for example, utilities, milk, laundry, medical, and related services).

c. Claims by endorsers, comakers, or lenders who intend only to help the soldier in getting credit. These claims, however, may not benefit the above through receipt of interest or otherwise.

d. Contract for the purchase, sale, or rental of real estate.

e. Claims in which the total unpaid amount does not exceed \$50.

f. Claims based on a revolving or open-end credit account. The account must show—

(1) The periodic interest rate and the equivalent annual rate.

(2) The balance to which the interest is applied to compute the charge.

g. Claims as security liens on real property (for example, a house). This does not include improvements or repairs.

h. Attorneys representing parties under *a* through *g* above.

Chapter 5 Procedures Governing Nonactive Duty or Discharged Personnel

5-1. Procedures governing nonactive duty personnel

a. Debt complaints against former soldiers or others not on active duty will be sent to the Commander, U.S. Army Reserve Personnel Center (ARPERCEN), ATTN: DARP-PSE-VS, 9700 Page Boulevard, St. Louis, MO 63132-5200.

b. After ARPERCEN verifies the status, the following officials will act as prescribed below.

(1) Chief, National Guard Bureau, WASH DC 20310-2500, for soldiers of the Army National Guard.

(2) The area commander concerned for Ready Reservists assigned to troop program units under their control. (See AR 140-1, para 1-6.)

(3) ARPERCEN for nonunit soldiers assigned to Control Groups of the Ready Reserve, Standby Reserve, and Retired Reserve.

c. The officials cited in *b* above will ensure that debt complaints are delivered to the person concerned, using military channels. When the complaint cannot be delivered through military channels, it will be sent to the last known mailing address of the person by certified mail, using PS Form 3811 (Return Receipt, Registered, Insured, and Certified Mail). It should be marked Return Receipt Requested—Deliver to Addressee Only. This form is available at U.S. post offices.

d. After delivery of correspondence, the responsible official will advise the claimant—

(1) Of the date and method of delivery.

(2) That the military department does not control the personal affairs of nonactive duty personnel. These personnel usually are in a civilian status and are not subject to military discipline. Therefore, the matter has been left to the person's discretion.

(3) Of the person's mailing address only if the conditions in paragraph 5-3 are met.

5-2. Procedures governing discharged personnel

a. Debt complaints against persons who have been discharged from the service (that is, those now holding no military status) will be sent to ARPERCEN.

b. ARPERCEN will return the correspondence, and all accompanying documentation, and advise the claimant—

(1) That the person is no longer a member of the Army or the Reserve Components.

(2) Of the date of discharge.

(3) That the Army no longer has control or authority over the discharged personnel. Therefore, the Army can take no further action in this matter.

(4) Of the person's mailing address only if the conditions in paragraph 5-3 are met.

5-3. Conditions for disclosing mailing address

Nonactive duty and discharged personnel's mailing addresses will not be disclosed unless—

a. The person consents in writing to the release of his or her address.

b. The claimant sends a court order directing the release of the address.

c. The Privacy Act of 1974 will not be violated by disclosure.

5-4. Retired personnel

a. The claimant may be advised that correspondence may be sent to the retired person if the claimant—

(1) Places correspondence in a stamped envelope with the retired person's name typed or printed on the envelope.

(2) Places a stamped envelope in a second envelope and mails it to Commander, ARPERCEN, ATTN: DARP-PSE-VS, 9700 Page Boulevard, St. Louis, MO 63131-5200.

b. ARPERCEN will forward the correspondence to the retired person, but cannot release the address per provisions of the Privacy Act of 1974.

**Table 4-1
DOD Annual Rate Table**

Number of level monthly payments	Part I											
	Approximate annual rate											
	5%	5½%	6%	6½%	7%	7½%	8%	9%	10%	11%	12%	13%
1	\$0.40	\$0.44	\$0.48	\$0.52	\$0.56	\$0.60	\$0.65	\$0.71	\$0.79	\$0.88	\$0.96	\$1.04
2	.59	.66	.72	.78	.84	.91	.97	1.06	1.19	1.31	1.44	1.57
3	.79	.88	.96	1.04	1.13	1.21	1.29	1.42	1.59	1.76	1.92	2.09
4	.99	1.10	1.20	1.31	1.41	1.51	1.62	1.78	1.99	2.20	2.41	2.62
5	1.19	1.32	1.44	1.57	1.69	1.82	1.95	2.13	2.39	2.64	2.89	3.15
6	1.39	1.54	1.68	1.83	1.98	2.13	2.27	2.49	2.79	3.08	3.38	3.68
7	1.59	1.76	1.93	2.09	2.26	2.43	2.60	2.85	3.19	3.53	3.87	4.21
8	1.79	1.98	2.17	2.36	2.55	2.74	2.93	3.21	3.60	3.98	4.36	4.74
9	1.99	2.20	2.41	2.62	2.83	3.05	3.26	3.57	4.00	4.43	4.85	5.28
10	2.19	2.42	2.65	2.89	3.12	3.35	3.59	3.94	4.41	4.88	5.35	5.82
11	2.39	2.64	2.90	3.15	3.41	3.66	3.92	4.30	4.81	5.33	5.84	6.36
12	2.59	2.87	3.14	3.42	3.69	3.97	4.25	4.66	5.22	5.78	6.34	6.90
13	2.79	3.09	3.39	3.68	3.98	4.28	4.58	5.03	5.63	6.23	6.84	7.44
14	2.99	3.31	3.63	3.95	4.27	4.59	4.91	5.39	6.04	6.69	7.34	7.99
15	3.20	3.54	3.88	4.22	4.56	4.90	5.24	5.76	6.45	7.14	7.84	8.53
16	3.40	3.76	4.12	4.48	4.85	5.21	5.58	6.13	6.86	7.60	8.34	9.08
17	3.60	3.98	4.37	4.75	5.14	5.52	5.91	6.49	7.27	8.06	8.84	9.63
18	3.80	4.21	4.61	5.02	5.43	5.84	6.25	6.86	7.69	8.52	9.35	10.19
19	4.01	4.43	4.86	5.29	5.72	6.15	6.58	7.23	8.10	8.98	9.86	10.74
20	4.21	4.66	5.11	5.56	6.01	6.46	6.92	7.60	8.52	9.44	10.37	11.30
21	4.41	4.88	5.35	5.83	6.30	6.78	7.26	7.97	8.94	9.90	10.88	11.85
22	4.62	5.11	5.60	6.10	6.60	7.09	7.59	8.35	9.36	10.37	11.39	12.41
23	4.82	5.33	5.85	6.37	6.89	7.41	7.93	8.72	9.77	10.84	11.90	12.97
24	5.02	5.56	6.10	6.64	7.18	7.73	8.27	9.09	10.19	11.30	12.42	13.54
25	5.23	5.79	6.35	6.91	7.48	8.04	8.61	9.47	10.62	11.77	12.93	14.10
26	5.43	6.01	6.60	7.18	7.77	8.36	8.95	9.84	11.04	12.24	13.45	14.67
27	5.64	6.24	6.85	7.46	8.07	8.68	9.29	10.22	11.46	12.71	13.97	15.24
28	5.84	6.47	7.10	7.73	8.36	9.00	9.64	10.60	11.89	13.18	14.49	15.81
29	6.05	6.70	7.35	8.00	8.66	9.32	9.98	10.97	12.31	13.66	15.01	16.38
30	6.25	6.92	7.60	8.28	8.96	9.64	10.32	11.35	12.74	14.13	15.54	16.95
31	6.46	7.15	7.85	8.55	9.25	9.96	10.67	11.73	13.17	14.61	16.06	17.53
32	6.66	7.38	8.10	8.82	9.55	10.28	11.01	12.11	13.59	15.09	16.59	18.11
33	6.87	7.61	8.35	9.10	9.85	10.60	11.36	12.49	14.02	15.57	17.12	18.69
34	7.08	7.84	8.61	9.37	10.15	10.92	11.70	12.88	14.45	16.05	17.65	19.27
35	7.28	8.07	8.86	9.65	10.45	11.25	12.05	13.26	14.89	16.53	18.18	19.85
36	7.49	8.30	9.11	9.93	10.75	11.57	12.40	13.64	15.32	17.01	18.71	20.43
37	7.70	8.53	9.37	10.20	11.05	11.89	12.74	14.03	15.75	17.49	19.25	21.02
38	7.91	8.76	9.62	10.48	11.35	12.22	13.09	14.41	16.19	17.98	19.78	21.61
39	8.11	8.99	9.87	10.76	11.65	12.54	13.44	14.80	16.62	18.46	20.32	22.20
40	8.32	9.22	10.13	11.04	11.95	12.87	13.79	15.19	17.06	18.95	20.86	22.79
41	8.53	9.45	10.38	11.32	12.25	13.20	14.14	15.57	17.50	19.44	21.40	23.38
42	8.74	9.69	10.64	11.60	12.56	13.52	14.50	15.96	17.94	19.93	21.94	23.98
43	8.95	9.92	10.89	11.87	12.86	13.85	14.85	16.35	18.38	20.42	22.49	24.57
44	9.16	10.15	11.15	12.15	13.16	14.18	15.20	16.74	18.82	20.91	23.03	25.17
45	9.37	10.38	11.41	12.44	13.47	14.51	15.55	17.13	19.26	21.41	23.58	25.77
46	9.58	10.62	11.66	12.72	13.77	14.84	15.91	17.53	19.70	21.90	24.13	26.37
47	9.79	10.85	11.92	13.00	14.08	15.17	16.26	17.92	20.15	22.40	24.68	26.98
48	10.00	11.09	12.18	13.28	14.39	15.50	16.62	18.31	20.59	22.90	25.23	27.58
49	10.21	11.32	12.44	13.56	14.69	15.83	16.98	18.71	21.04	23.39	25.78	28.19
50	10.42	11.55	12.70	13.84	15.00	16.16	17.33	19.10	21.48	23.89	26.33	28.80
51	10.63	11.79	12.95	14.13	15.31	16.50	17.69	19.50	21.93	24.40	26.89	29.41
52	10.84	12.02	13.21	14.41	15.62	16.83	18.05	19.89	22.38	24.90	27.45	30.02
53	11.05	12.26	13.47	14.69	15.92	17.16	18.41	20.29	22.83	25.40	28.00	30.64
54	11.26	12.49	13.73	14.98	16.23	17.50	18.77	20.69	23.28	25.91	28.56	31.25
55	11.48	12.73	13.99	15.26	16.54	17.83	19.13	21.09	23.73	26.41	29.13	31.87
56	11.69	12.97	14.25	15.55	16.85	18.17	19.49	21.49	24.19	26.92	29.69	32.49
57	11.90	13.20	14.52	15.84	17.17	18.50	19.85	21.89	24.64	27.43	30.25	33.11
58	12.11	13.44	14.78	16.12	17.48	18.84	20.21	22.29	25.10	27.94	30.82	33.74
59	12.33	13.68	15.04	16.41	17.79	19.18	20.58	22.70	25.55	28.45	31.39	34.36
60	12.54	13.92	15.30	16.70	18.10	19.52	20.94	23.10	26.01	28.96	31.96	34.99

Table 4-1
DOD Annual Rate Table—Continued

Part II

Number of level-monthly payments	Approximate annual rate											
	14%	15%	16%	18%	20%	22%	24%	26%	28%	30%	33%	36%
1	\$1.12	\$1.21	\$1.29	\$1.42	\$1.58	\$1.75	\$1.92	\$2.08	\$2.25	\$2.42	\$2.62	\$2.88
2	1.69	1.82	1.94	2.13	2.38	2.63	2.88	3.14	3.39	3.64	3.95	4.33
3	2.26	2.43	2.59	2.85	3.18	3.52	3.86	4.20	4.53	4.87	5.30	5.80
4	2.83	3.04	3.25	3.57	3.99	4.41	4.84	5.26	5.69	6.11	6.65	7.29
5	3.40	3.65	3.91	4.29	4.80	5.31	5.82	6.34	6.85	7.37	8.01	8.79
6	3.97	4.27	4.57	5.02	5.61	6.21	6.81	7.42	8.02	8.63	9.39	10.30
7	4.55	4.89	5.23	5.75	6.43	7.12	7.81	8.51	9.20	9.90	10.77	11.83
8	5.13	5.51	5.90	6.48	7.26	8.03	8.82	9.60	10.39	11.18	12.17	13.36
9	5.71	6.14	6.57	7.22	8.08	8.95	9.83	10.70	11.58	12.47	13.58	14.92
10	6.29	6.77	7.24	7.96	8.91	9.88	10.84	11.81	12.79	13.77	15.00	16.48
11	6.88	7.40	7.92	8.70	9.75	10.80	11.86	12.93	14.00	15.08	16.43	18.06
12	7.46	8.03	8.59	9.45	10.59	11.74	12.89	14.05	15.22	16.40	17.87	19.66
13	8.05	8.66	9.27	10.20	11.43	12.67	13.93	15.18	16.45	17.72	19.33	21.26
14	8.64	9.30	9.96	10.95	12.28	13.62	14.97	16.32	17.69	19.06	20.79	22.88
15	9.23	9.94	10.64	11.71	13.13	14.57	16.01	17.47	18.93	20.41	22.27	24.52
16	9.83	10.58	11.33	12.46	13.99	15.52	17.06	18.62	20.19	21.76	23.75	26.16
17	10.43	11.22	12.02	13.23	14.85	16.48	18.12	19.78	21.45	23.13	25.25	27.82
18	11.03	11.87	12.72	13.99	15.71	17.44	19.19	20.95	22.72	24.51	26.76	29.50
19	11.63	12.52	13.41	14.76	16.58	18.41	20.26	22.12	24.00	25.89	28.28	31.18
20	12.23	13.17	14.11	15.54	17.45	19.38	21.33	23.30	25.28	27.29	29.81	32.88
21	12.84	13.82	14.82	16.31	18.33	20.36	22.41	24.49	26.58	28.69	31.36	34.60
22	13.44	14.48	15.52	17.09	19.21	21.34	23.50	25.68	27.88	30.10	32.91	36.32
23	14.05	15.14	16.23	17.88	20.09	22.33	24.60	26.88	29.19	31.53	34.48	38.06
24	14.66	15.80	16.94	18.66	20.98	23.33	25.70	28.09	30.51	32.96	36.05	39.81
25	15.28	16.46	17.65	19.45	21.87	24.32	26.80	29.31	31.84	34.40	37.64	41.58
26	15.89	17.13	18.37	20.24	22.77	25.33	27.91	30.53	33.18	35.85	39.23	43.36
27	16.51	17.80	19.09	21.04	23.67	26.34	29.03	31.76	34.52	37.31	40.84	45.15
28	17.13	18.47	19.81	21.84	24.58	27.35	30.15	33.00	35.87	38.78	42.46	46.95
29	17.75	19.14	20.53	22.64	25.49	28.37	31.28	34.24	37.23	40.26	44.09	48.77
30	18.38	19.81	21.26	23.45	26.40	29.39	32.42	35.49	38.60	41.75	45.73	50.60
31	19.00	20.49	21.99	24.26	27.32	30.42	33.56	36.75	39.97	43.24	47.38	52.44
32	19.63	21.17	22.72	25.07	28.24	31.45	34.71	38.01	41.36	44.75	49.05	54.29
33	20.26	21.85	23.46	25.88	29.16	32.49	35.86	39.28	42.75	46.26	50.72	56.16
34	20.90	22.54	24.19	26.70	30.09	33.53	37.02	40.56	44.15	47.79	52.40	58.04
35	21.53	23.23	24.94	27.52	31.02	34.58	38.18	41.84	45.56	49.32	54.09	59.93
36	22.17	23.92	25.68	28.35	31.96	35.63	39.35	43.14	46.97	50.86	55.80	61.83
37	22.81	24.61	26.42	29.18	32.90	36.69	40.53	44.43	48.39	52.41	57.51	63.75
38	23.45	25.30	27.17	30.01	33.85	37.75	41.71	45.74	49.82	53.97	59.24	65.68
39	24.09	26.00	27.92	30.85	34.80	38.82	42.90	47.05	51.26	55.54	60.97	67.62
40	24.73	26.70	28.68	31.68	35.75	39.89	44.09	48.37	52.71	57.12	62.72	69.57
41	25.38	27.40	29.44	32.52	36.71	40.96	45.29	49.69	54.16	58.70	64.47	71.53
42	26.03	28.10	30.19	33.37	37.67	42.05	46.50	51.03	55.63	60.30	66.24	73.51
43	26.68	28.81	30.96	34.22	38.63	43.13	47.71	52.36	57.09	61.90	68.01	75.50
44	27.33	29.52	31.72	35.07	39.60	44.22	48.93	53.71	58.57	63.51	69.80	77.50
45	27.99	30.23	32.49	35.92	40.58	45.32	50.15	55.06	60.06	65.13	71.60	79.51
46	28.65	30.94	33.26	36.78	41.55	46.42	51.38	56.42	61.55	66.76	73.40	81.53
47	29.31	31.66	34.03	37.64	42.54	47.53	52.61	57.78	63.05	68.40	75.22	83.57
48	29.97	32.37	34.81	38.50	43.52	48.64	53.85	59.15	64.56	70.05	77.04	85.61
49	30.63	33.09	35.59	39.37	44.51	49.75	55.09	60.53	66.07	71.70	78.88	87.67
50	31.29	33.82	36.37	40.24	45.50	50.87	56.34	61.92	67.59	73.37	80.72	89.74
51	31.96	34.54	37.15	41.11	46.50	51.99	57.60	63.31	69.12	75.04	82.58	91.82
52	32.63	35.27	37.94	41.99	47.50	53.12	58.86	64.70	70.66	76.72	84.44	93.91
53	33.30	36.00	38.72	42.87	48.50	54.26	60.12	66.11	72.20	78.41	86.31	96.01
54	33.98	36.73	39.52	43.75	49.51	55.39	61.40	67.52	73.75	80.10	88.19	98.13
55	34.65	37.46	40.31	44.64	50.52	56.54	62.67	68.93	75.31	81.81	90.09	100.25
56	35.33	38.20	41.11	45.53	51.54	57.68	63.96	70.36	76.88	83.52	91.99	102.38
57	36.01	38.94	41.91	46.42	52.56	58.84	65.25	71.78	78.45	85.24	93.90	104.53
58	36.69	39.68	42.71	47.32	53.58	59.99	66.54	73.22	80.03	86.97	95.82	106.68
59	37.37	40.42	43.51	48.21	54.61	61.15	67.84	74.66	81.62	88.71	97.75	108.85
60	38.06	41.17	44.32	49.12	55.64	62.32	69.14	76.11	83.21	90.45	99.68	111.03

(Letterhead)

(Name and Address of Claimant)

Dear _____:

Upon receipt of your letter of (date), I interviewed (Rank and name) on (date). (He) or (She) acknowledged the debt. The abbreviated reply checked below outlines (his) or (her) intention regarding payment or settlement.

- a. () The debt will be paid in full on (date).
- b. () Enclosed is a (check or money order) for \$_____.
- c. () The debt will be paid in monthly installments, including all arrearages. Enclosed is the first payment of \$_____. You should receive monthly payments of \$_____ not later than the (number) of each month.
- d. () The debt will be paid in monthly installments, including all arrearages. The first payment will be made on (date). You should receive monthly payments in the amount of \$_____ not later than the (number) of each month.
- e. () (Rank and name) is unable to pay the debt in full at this time. (He) or (She) will pay \$_____ per month until the debt is settled. Enclosed is the first payment. You should receive the monthly payments not later than the (number) of each month.
- f. () (Rank and name) states that the debt was settled or account brought up to date on (date). I have personally verified the (canceled check, money order, or receipt) presented by (him) or (her).
- g. () (Rank and name) denies the obligation (or disputes the amount of the debt). The Department of the Army has no legal authority to require soldiers to pay their private debts. Therefore, your only course of action is to seek the help of the civil courts to resolve this matter.
- h. () I am unable to help you until you provide me with the (current balance, record of payment, or other).
- i. () Other.

I trust this information is of assistance to you.

Sincerely,

A.B. CEE
Commanding

Captain, IN-

F

(Enclosure)

Figure 2-1. Format for a letter to a creditor

(Letterhead)

(Name and Address of Claimant)

Dear _____:

This is in reply to your letter of (date). I am unable to help you for the following reason:

- a. () The information sent is insufficient to identify the individual. If you can give me (his) or (her) full name and social security number or date and place of birth, I will try to help you. When sending the needed information, return this letter and all enclosures.
- b. () (Rank and name) is (on leave or temporary duty, or in the hospital), and is expected to return on or about (date). Upon return, I will interview (him) or (her) about this alleged indebtedness or financial obligation. I will then write you of the outcome of the interview.
- c. () (Rank and name) has been reassigned. Your letter has been sent to (his) or (her) present commander for proper action and direct reply to you. (His) or (Her) new address is (name of unit).
- d. () This command has no record of (Rank and name). You may obtain (his) or (her) current military address by writing to the Commander, U.S. Army Enlisted Records and Evaluation Center, Fort Benjamin Harrison, Indiana 46249-5301. Enclose a check or money order for \$3.50 payable to the Treasurer of the United States. Include the soldier's full name, rank, and social security number or the date and place of birth if social security number is not known.
- e. () Other:

I regret that I cannot be of help at this time.

Figure 2-2. Format for a letter to a creditor—Continued

Sincerely,

F

A.B. CEE
Commanding

Captain, IN-

(Enclosure)

Figure 2-2. Format for a letter to a creditor

(Letterhead)

(Name and Address of Claimant)

Dear _____:

This is in reply to your request for help about the alleged indebtedness of *(Rank and name)*.

The Army's policy is to aid in the collection of indebtedness only after there has been compliance by the creditor with the Federal Reserve Board's Regulation Z (12 CFR 226). This law is emphatic in its specifications. To be fair to both the consumer and creditor, the Army must ensure that all phases of the law have been executed. A copy of the actual signed contract with copies of any correspondence between the creditor and debtor must be included. Also, a Certificate of Compliance with the Standards of Fairness and Full Disclosure must be included with each request for help.

So, your correspondence is being returned for the documentation listed above. Upon receipt of the documents required by law, I will be happy to aid you. Please return all the attached documents with your reply.

Sincerely,

F

A.B. CEE
Commanding

Captain, IN-

(Enclosure)

Figure 2-3. Format for a letter to a creditor

Certificate of Compliance

(Applicable only for debts incurred after 1 July 1969)

I certify that the *(Name of creditor)* upon extending credit to *(Name of soldier)* on *(Date)* complied with the full disclosure requirements of the Truth-in-Lending Act and Regulation Z (or the laws and regulations of the State of _____), and that the attached statement is a true copy of the general and specific disclosures provided the soldier as required by law.

I also certify that, to the best of my knowledge, *(Name)* is presently located in the State of _____ and that this inquiry conforms to the laws of the State regarding contact with the employer of a debtor.

I further certify that the Standards of Fairness set forth in DOD Directive 1344.9 or appendix B of AR 600-15 have been applied to the consumer credit transaction to which this form refers. (If the unpaid balance has been adjusted as a consequence, the specific adjustments in the finance charge and the annual percentage rate should be set forth below.)

(Adjustments)

(Date of certification)

(Signature of creditor or authorized representative)

(Street)

(City, State, and ZIP Code)

Figure 4-1. Format for a Certificate of Compliance

Full Disclosure Information
Part I--Full Disclosure

A copy of this format or its equivalent should be provided to the soldier in advance of executing the contract, and must be submitted with requests for debt processing assistance.

A. IDENTIFICATION Date: _____

- 1. Purpose of loan or purchase _____
- 2. Security for loan _____
- 3. Borrower's name and address _____
- 4. Creditor's name and address _____
- 5. Name and address of creditor (if known) to whom the obligation is or will be payable, if other than above. _____

6. Has creditor any financial ties with, or right of recourse against seller in event of default? _____ Yes _____ No

B. CONTRACT TERMS

1. Quoted cash price of goods or services, or total amount of cash advanced \$ _____

2. Ancillary charges from which seller or lender receives no benefit, and which would be paid if this were a cash purchase: taxes; auto license fees; filing or recording fees paid or payable to a public official, etc.

- a. _____
- b. _____

Total ancillary charges \$ _____

3. Total cash delivered price, or total amount of credit extended (1+2) \$ _____

4. Less down payment or trade-in allowance (\$ _____)

5. Unpaid cash balance to be financed (3-4) _____

6. Finance charges that benefit the seller or creditor, or entities in which either has an interest. These are charges that would not be made if this were a cash purchase:

- a. Official fees for filing or recording credit instrument _____
- b. Charges for investigating credit worthiness of borrower _____
- c. Insurance premiums (*life, disability, accident, health, other*) _____
- d. All other charges for extending credit _____

Total finance charges \$ _____

7. Total amount to be repaid, in accordance with terms of agreement (5+6) \$ _____

8. To be repaid in _____ monthly installments, of \$ _____ each, with the first payment to be made on _____ (*date*).

Figure 4-2. Format for full disclosure information

9. The finance charges expressed in approximate annual percentage rate. (See sec C and table 4-1.) All lenders and all sellers who regularly engage in credit sales must complete this item _____ %

*Explain in section C (Calculation of Approximate Annual Percentage Rate) if amount is to be repaid in other than level monthly payments.

C. CALCULATION OF APPROXIMATE ANNUAL PERCENTAGE RATE*

1. Total finance charges (B.6) \$ _____

2. Total amount to be financed (B.5) \$ _____

3. Finance charges per \$100 financed \$ _____
(Divide 1 above by 2 above and multiply the result by \$100)

4. Number of monthly payments (B.8) \$ _____

5. Determine annual percentage rate by using either:

a. DOD Annual Rate Table (table 4-1). This table will give an approximate annual percentage rate based on the actuarial method. These approximate rates will differ from precise calculations by no more than ¼% at the left end of the table and not more than 1½% at the right end of the table. Read down the left column of the table to the number of monthly payments (4 above). Read across to find between which pair of columns the finance charge per hundred (3 above) falls. Read up and find the approximate annual percentage rate at the head of the pair of columns, %

-- or --

b. A More Precise Actuarial Calculation based on standard annuity tables %

*For purposes of this calculation, it is necessary to determine the number of equal monthly payments that would be required during the period of the contract, regardless of the actual repayment terms specified.

REPAYMENT TERMS IF OTHER THAN LEVEL MONTHLY PAYMENTS

Part II--Certificate of Compliance

(If Part I is executed before the obligation is incurred)

I certify that (1) the DOD Standards of Fairness have been applied to the loan or credit obligation to which this form refers, (2) a full disclosure of the terms of the obligation has been made by execution of figure 4-2, Part I, or its equivalent, and (3) that a copy of this disclosure was furnished to the borrower (or debtor), whose signature is also indicated below, before the obligation was incurred.

(Signature of borrower)

(Signature of creditor)

(Date)

Figure 4-2. Format for full disclosure information-Continued

(If Part I is not executed before the obligation was incurred)

I certify that (1) the DOD Standards of Fairness have been applied to the loan or credit obligation to which this form refers and that the unpaid balance owing has been adjusted in accordance therewith as reflected in an executed copy of figure 4-2, Part I, or (2) that the DOD Standards of Fairness were applied at the time the loan was made and no adjustment is required in the transaction as indicated by the executed copy of figure 4-2, Part I.

(Name of borrower)

(Signature of creditor)

(Date)

Figure 4-2. Format for full disclosure information-Continued

Appendix A References

Section I Required Publications

AR 340-2

Maintenance and Disposition of Records in TOE Units of the Active Army, the Army Reserve, and the National Guard. (Cited in para 3-2*b*.)

AR 340-17

Release of Information and Records from Army Files. (Cited in para 2-1*c*(8)(*h*).)

AR 340-18

The Army Functional Files System. (Cited in para 3-2*b*.)

AR 340-21

The Army Privacy Program. (Cited in para 1-4*e*(4) and 2-1*c*(8)(*h*).)

AR 600-37

Unfavorable Information. (Cited in para 3-2*b* and *c*.)

DA Pam 27-166

Soldiers' and Sailors' Civil Relief Act. (Cited in para 4-2.)

DA Pam 360-520

Credit: Master or Servant. (Cited in para 2-1*c*(8)(*g*) and 4-1*d*.)

Uniform Code of Military Justice.

(Cited in para 1-5*g*(4), 2-1*c*(8)(*d*) and 3-1*d*.)

Section II Related Publications

A related publication is merely a source of additional information. The user does not have to read it to understand this regulation.

AR 1-9

White House Liaison, Communications, and Inspections

AR 11-2

Internal Control Systems

AR 27-3

Legal Assistance

AR 37-60

Pricing for Materiel and Services

AR 140-1

USAR—Mission, Organization, and Training

AR 210-24

Credit Unions

AR 210-60

Control and Prevention of Abuse of Check Cashing Privileges

AR 210-135

Banking Service on Army Installations

AR 601-280

Army Reenlistment Program

AR 608-1

Army Community Service Program

AR 608-99

Family Support, Child Custody, and Paternity

AR 635-100

Officer Personnel (Separations)

AR 635-200

Enlisted Personnel (Separations)

DODD 1344.9

Indebtedness of Military Personnel

Federal Reserve Board Regulation Z

Truth in Lending

Section III Prescribed Forms

DA Form 4817-R

Consent/Nonconsent to Disclose Personal Information. (Cited in paras 2-1*c*(8)(*a*) and (*h*), and 2-4*d*(4).)

Section IV Referenced Forms

DA Form 209

Delay, Referral, or Follow-Up Notice.

PS Form 3811

Return Receipt, Registered, Insured, and Certified Mail.

Appendix B Standards of Fairness

B-1.

No finance charge contracted for, made, or received under any contract shall be in excess of the charge which could be made for such contract under the law of the place in which the contract is signed in the United States by the military member.

a. In the event a contract is signed with a U.S. company in a foreign country, the lowest interest rate of the State or States in which the company is chartered or does business shall apply.

b. However, interest rates and service charges applicable to overseas military banking facilities will be established by the Department of Defense.

B-2.

No contract or loan agreement shall provide for an attorney's fee in the event of default unless suit is filed, in which event the fee provided in the contract shall not exceed 20 percent of the obligation found due. No attorney fees shall be authorized if the attorney is a salaried employee of the holder.

B-3.

In loan transactions, defenses which the debtor may have against the original lender or its agent shall be good against any subsequent holder of the obligation. In credit transactions, defenses against the seller or its agent shall be good against any subsequent holder of the obligation, provided that the holder had actual knowledge of the defense or under conditions where reasonable inquiry would have appraised the holder of this fact.

B-4.

The military member shall have the right to remove any security for the obligation beyond State or national boundaries if the military member or family moves beyond such boundaries under military orders and notifies the creditor, in advance of the removal, of the new address where the security will be located. Removal of the security shall not accelerate payment of the obligation.

B-5.

No late charge shall be made in excess of 5 percent of the late payment, or \$5 whichever is the lesser amount, or as provided by

law or applicable regulatory agency determination. Only one late charge may be made for any tardy installment. Late charges will not be levied where an allotment has been timely filed, but payment of the allotment has been delayed. Late charges by overseas banking facilities are a matter of contract with the Department of Defense. Late charges by Federal credit unions are set at 20 percent of the interest due with a minimum of not less than 5 cents.

B-6.

The obligation may be paid in full at any time or through accelerated payments of any amount. There shall be no penalty for prepayment and in the event of prepayment that portion of the finance charges which has inured to the benefit of the seller or the creditor shall be prorated on the basis of the charges which would have been ratably payable had finance charges been calculated and payable as equal periodic payments over the terms of the contract and only the prorated amount to the date of prepayment shall be due. As an alternative the "Rule of 78" may be applied.

B-7.

If a charge is made for loan insurance protection, it must be evidenced by delivery of a policy or certificate of insurance to the military member within 30 days.

B-8.

If the loan or contract agreement provides for payments in installments, each payment, other than the down payment, shall be in equal or substantially equal amounts, and installments shall be successive and of equal or substantially equal duration.

B-9.

If the security for the debt is repossessed and sold in order to satisfy or reduce the debt, the repossession and resale will be governed by the laws of the State in which the security is requested.

B-10.

A contract for personal goods and services may be terminated at any time before delivery of the goods or services without charge to the purchaser. However, if goods made to the special order of the purchaser result in preproduction costs, or require preparation for delivery, such additional costs will be listed in the order form or contract.

a. No termination charge will be made in excess of this amount. Contracts for delivery at future intervals may be terminated as to the undelivered portion.

b. The purchaser shall be chargeable only for that proportion of the total cost which the goods or services delivered bear to the total goods called for by the contract. (This is in addition to the right to rescind certain credit transactions involving a security interest in real estate provided by Public Law 90-321, "Truth-in-Lending Act," Section 125 (15 USC 1601 (1976)) and the Federal Reserve Board Regulation Z (12 CFR 226,226.3, 226.9 (1978)).

Glossary

Section I Abbreviations

ARNGUSE>

Army National Guard of the United States

ARPERCEN

U.S. Army Reserve Personnel Center

AUTOVON

automatic voice network

DA

Department of the Army

DOD

Department of Defense

HQDA

Headquarters, Department of the Army

MHD

medical holding detachment

SJA

staff judge advocate

SSN

social security number

UCMJ

Uniform Code of Military Justice

USACFSC

U.S. Army Community and Family Support Center

USAEREC

U.S. Army Enlisted Records and Evaluation Center

USAFAC

U.S. Army Finance and Accounting Center

USAR

U.S. Army Reserve

USC

U.S. Code

Section II Terms

Check

A written order, usually on a standard printed form, directing a bank or credit union to pay money.

Creditor

Any person or business that offers or extends credit, or to whom or to which a debt is owed. This term includes lending institutions (such as centralized charge systems) which, although not parties to the original transactions, seek help in collecting debts.

Debt

Any legal debt acknowledged by the soldier, or in which there is no reasonable dispute as

to the facts or law, or which has been reduced to judgment.

Debt collector

Any person or business that solely collects debts owed to another person or business. (A debt collector is not a creditor.)

Disputed debt

Any debt, not reduced to a judgment, in which there is a genuine dispute between the parties as to the facts or law relating to the debt which would affect the obligation of the soldier to pay.

Family member

As used in this regulation, an individual who qualifies for dependency benefits under certain conditions as set by Army regulations. (For example, spouse or unmarried child, to include stepchildren, and adopted or illegitimate children.)

Judgment

Any decision given by a court of justice or other competent tribunal as a result of proceedings instituted therein. As defined, a judgment includes any administrative enforcement order (Vollstreckungsanordnung) issued by the German federal post office (Deutsche Bundespost) regarding unpaid telephone bills. Such orders come within the coverage of this regulation regardless of where the soldier is stationed.

Soldier

Commissioned and warrant officers and enlisted personnel.
There are no special terms.

CONSENT/NONCONSENT TO DISCLOSE PERSONAL INFORMATION

For use of this form, see AR 600 15; the proponent agency is Office of the Deputy Chief of Staff for Personnel.

DATA REQUIRED BY THE PRIVACY ACT OF 1974

AUTHORITY: Title 10, USC, Section 3012; Title 5 USC, Section 301-DOD Directive 1344.9

PRINCIPAL PURPOSE: To give you the chance to admit or deny the claim of indebtedness, and to decide the necessary actions. If necessary, you will be advised of the Army policy which requires Army members to pay their debts promptly.

ROUTINE USES: Personal information asked of you during this interview will be used as a basis to reply to the claimant.

DISCLOSURE: Disclosure of personal information is voluntary. However, your failure to give the needed information will hamper efforts to give you proper guidance, or otherwise help you as necessary.

I DO DO NOT authorize disclosure about my admission/denial of the claim of indebtedness to _____.

Release of this information is for responding to the claim.

SIGNATURE OF ARMY MEMBER

DATE

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